

January 17, 2023

Ann Misback
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

RE: Docket No. OP-1788

To Whom It May Concern,

The American Bankers Association (ABA)¹ appreciates the opportunity to comment on the Board of Governors' (Board) proposal to amend its Guidelines for Evaluating Account and Services Requests that would require the Federal Reserve Banks (Reserve Banks) to publish a periodic list of depository institutions with access to Reserve Bank accounts and/or services. ABA supported the earlier proposal to standardize the evaluation process and strongly supports increasing the transparency associated with this process.

It is important to note that since the Board proposal was published on November 4, 2022, legislation was signed into law on December 23, 2022 that would require the Board to take action regarding master accounts. Section 5708 Master Account and Services Database of the Fiscal 2023 National Defense Authorization Act² mandates that the Board create and maintain a searchable database of all entities with access to master accounts and services with the date that access was granted, if available. The database would include the date that an application was submitted and the date when that application was approved, rejected, pending or withdrawn. The database must be established 180 days after the law's enactment and updated quarterly.

ABA supports the requirements of Section 5708 and has additional recommendations for the Board to consider to improve transparency. ABA's recommendations are incorporated into this response.

The Board's proposal would create a requirement for the Board to produce a single report consisting of two lists. The first list would include all federally-insured depository financial institutions with access to accounts and services. A second list would include a list of all non-federally-insured depository institutions with access to accounts and services. The report would include the name of the depository institution and the Reserve Bank district where it is located.

A separate section of the proposed report would include a list of the depository institutions that have received access to accounts and services since the previous report was issued and a list of those institutions that no longer have access since the previous report.

¹ The American Bankers Association is the voice of the nation's \$23.6 trillion banking industry, which is composed of small, regional and large banks that together employ more than 2 million people, safeguard \$19.4 trillion in deposits and extend \$12 trillion in loans.

² President Joe Biden signed The Fiscal 2023 National Defense Authorization Act into law on December 23, 2022.
<https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-117HR7776EAS-RCP117-70.pdf>

ABA supports the proposal to increase transparency with the caveat that additional recommendations to improve the process to evaluate applications for access to accounts and services be adopted.

Request for Comment

- 1. Would the two data elements in the proposed Public Disclosure section appropriately balance providing the public transparency with protecting information that institutions consider confidential?**

The listing of the depository institution and Reserve Bank location does not cause any confidentiality concerns.

- 2. Would the proposed publication schedule appropriately balance providing timely transparency with reducing potential reputational harm to institutions that no longer have access to accounts and services? Would a less frequent cadence, such as semi-annual, strike the balance more appropriately?**

The quarterly cadence is appropriate for the posting of the general lists. We have additional recommendations regarding publishing applications under consideration by Reserve Banks.

- 3. Are there additional data elements for each institution with access to accounts and services that the Federal Reserve should consider publishing to provide greater transparency (such as the date on which access was provided, the extent known, or removed, location of the institution, etc...)? Are there additional data elements the Federal Reserve should avoid publishing to prevent paternal harm to these depository institutions?**

The Board should publish the date when access was provided, if available, as well as the date when access ceased to be available. Additionally, the city and the state where the depository institution is located should also be included as well as the charter type.

- 4. Are there additional actions the Board or Reserve Banks should take to provide transparency with respect to accounts and services? For example, should the Board establish a requirement for the Reserve Banks to publish a list of institutions that have requested an account or access to services (including the date on which the request was submitted, rejected or withdrawn, etc)?**

Yes, there are additional actions the board should take to improve transparency that go beyond the Board's proposal. ABA recommends that each request for access to accounts and/or services be made public by the Board as soon as possible before the evaluation process is complete. The application should be subject to a 60-day comment and notice period to allow the public to review the application and provide input to the Board regarding the risk of allowing that institution access to accounts and/or services and any potential negative effects it may have on individuals and financial institutions.

5. Should categories of private sector institutions with access to accounts and services that are not covered by the Guidelines, such as designated financial market utilities, be scoped into the Public Disclosure section.

Yes, all private **AND** public sector institutions with access to accounts and services should be included in the Public Disclosure section.

Thank you for the opportunity to provide comments on the proposal to amend the Guidelines for Evaluating Account and Services Requests. ABA believes the adoption of these changes, with our recommendations, will improve the transparency of this process for the benefit of all payment system participants. Please contact Stephen Kenneally at (202)663-5147 or skenneally@aba.com if you have any questions regarding this submission.

Respectfully submitted,



Stephen K. Kenneally
Senior Vice President, Payments